



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

June 22, 2012

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To: Supervisor Zev Yaroslavsky, Chairman
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From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

SACRAMENTO UPDATE

This memorandum provides an update on State Budget; a pursuit of County position on legislation related to the extension of existing tax credits for motion picture production; changes in County positions on legislation related to: 1) the dissolution of former redevelopment agencies and distribution of Low Moderate Income Housing funds; 2) the Los Angeles Memorial Coliseum lease agreement between the Coliseum Commission and the California Science Center and; 3) the postponement of the dissolution deadline for former redevelopment agencies; the status of County-sponsored legislation related to the extension of conditional immunity on flood control properties; and the status of County-advocacy legislation related to: 1) the filing of Fictitious Business Name statements; 2) workers' compensation; 3) establishment of property ownership; and 4) the administration of public libraries.

State Budget

As previously reported, on June 15, 2012 the Legislature passed a FY 2012-13 budget package which includes \$8.0 billion in expenditure reductions, \$5.9 billion in revenue assumptions, and \$2.3 billion in other solutions. The approved budget package includes AB 1464, the main budget bill, and six trailer bills including supplemental appropriations bills, and legislation related to transportation, health, State mental health hospitals and developmental services.

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This week, the Administration and the Democratic leadership engaged in negotiations on the remaining elements of a final budget agreement, and yesterday they announced that they have reached agreement on those outstanding issues with a budget deal that closes the \$15.7 billion shortfall with a combination of ongoing and temporary cuts and some internal borrowing. **As of today, no trailer bill language has been released outlining the budget deal.** It is expected that most of the trailer bills will be released sometime Monday, June 25, 2012.

According to news reports, under the budget deal, CalWORKs will be limited to 24 months, down from 48 months, though areas of high unemployment would be exempt. The Governor and legislative leaders also agreed to cut child care 8.7 percent across the board and suspend the cost-of-living adjustments for child care through FY 2014-15. Additionally, the agreement would eliminate the Healthy Families Program and transitioning those children into Medi-Cal in 2013.

Of significant interest to counties, **the budget deal protects over \$250.0 million in pass-through payments negotiated between former redevelopment agencies and counties, schools, and special districts.** Although details have not been released, the redevelopment trailer bill is reported to include provisions for retaining some assets for housing purposes, including real property; some bond proceeds; and Supplemental Educational Revenue Augmentation Fund (SERAF) repayments, but will not include the entire Low Moderate Income Housing balances.

The Legislature announced that they will vote on the remaining twenty trailer bills on Tuesday, June 26, 2012. Governor Brown has until June 27, 2012 to sign or veto the main budget bill and related trailer bills.

This office will continue to work with affected departments to analyze the budget package and trailer bills as they are released.

Pursuit of County Position on Legislation

SB 1167 (Calderon), which as amended on June 4, 2012, would extend for five years the requirement that the California Film Commission (CFC) annually allocate tax credits to qualifying motion pictures through FY 2019-20.

Similar to **County-supported AB 2026 (Fuentes)**, SB 1167 would extend: 1) the requirement that the CFC annually issue \$100.0 million in tax credits to qualifying motion picture productions, as specified, through FY 2019-20; and 2) the limitation on the aggregate amount of credits that may be allocated through FY 2019-20. AB 2026 is intended to retain and increase film and television production in California. Since

provisions in AB 2026 to extend the motion picture production tax credit program are the same as in SB 1167, the potential impact assumptions would also apply.

SB 1167 would also: 1) establish a procedure for qualified taxpayers to report specified information to the CFC; 2) revise the information included in an application for a tax credit allocation; 3) require the CFC to provide the Legislative Analyst's Office (LAO) specified tax credit application materials; 4) require the CFC, State Board of Equalization, Franchise Tax Board, Employment Development Department and other relevant State agencies to provide additional information as specified by the LAO; and 5) require the LAO to prepare reports related to the effectiveness and administration of the tax credit program.

Existing law establishes a motion picture production tax credit, equal to either: 1) 20 percent of the qualified expenditures attributable to the production of a qualified motion picture in California; or 2) 25 percent of the qualified expenditures attributable to the production of a qualified television series that relocated to California or an independent film. Through FY 2014-15, the CFC administers the program on a first-come, first-serve basis with ten percent of the allocation reserved for independent films. Qualified taxpayers apply for a credit allocation based on the estimated project budget. Verification of project completion and documentation of actual qualifying expenditures must be provided to CFC which issues credit certificates up to the amount of the original allocation. Any unallocated amounts or allocation amounts in excess of certified credits may be carried over and reallocated by the CFC.

As previously reported, the Department of Beaches and Harbors (DBH) indicates that a film permit must be obtained through Film L.A. Inc., for filming in Marina del Rey, County beaches and use of County parking lots. Film fees are determined by the extent of filming activities including additional personnel fees for other departments or agencies from which approvals and involvement are needed. In 2011, DBH collected approximately \$150,000 in film fees as County General Fund revenues. According to DBH, the impact of SB 1167 cannot be readily quantified.

The Department of Beaches and Harbors and this office support SB 1167. Therefore, consistent with County support of AB 2026 and support of similar legislation (AB 2747 of 2002 and AB 358 of 1999), and consistent with existing Board-approved policy to support measures that promote economic incentives as a means of creation, attraction, and retention of business, **the Sacramento advocates will support SB 1167.**

Support and opposition to SB 1167 is currently unknown. SB 1167 is scheduled for a hearing in the Senate Governance and Finance Committee on June 27, 2012.

Change in County Position on Legislation

County-opposed unless amended AB 1585 (Pérez), which would have modified provisions of ABX1 26 (Chapter 5, Statutes of 2011) related to the dissolution of Redevelopment Agencies (RDAs), including: 1) distribution of Low Moderate Income Housing (LMIH) funds; 2) definition of the terms enforceable obligation and administrative cost allowance; 3) responsibilities of the successor agency and oversight board; and 4) responsibilities of the auditor-controller, among other provisions, was amended in the Senate Governance and Finance Committee on June 20, 2012.

As currently amended, AB 1585 would appropriate \$50.0 million of bond proceeds, issued under the Housing and Emergency Shelter Trust Fund Act of 2006, to the California Department of Housing and Community Development. Of that amount, \$25.0 million will be allocated for infill incentive grants and \$25.0 million will be allocated for transit-oriented grants and loans.

All the previous provisions related to the dissolution of RDAs have been deleted. **Therefore, the Sacramento advocates will remove opposition to AB 1585 and take no position on this measure until an analysis of the new provisions can be completed.** This office is working with affected departments to review AB 1585 as amended for potential County impact.

AB 1585 is scheduled for a hearing in the Senate Governance and Finance Committee on June 27, 2012.

County-opposed SB 415 (Wright), which would have amended the Los Angeles Memorial Coliseum lease agreement between the Los Angeles Memorial Coliseum Commission and the California Science Center, was amended on June 18, 2012, to delete these provisions.

As currently amended, SB 415 is now authored by Senator Curren Price and would modify provisions regarding the State highway system and the process for the California Transportation Commission to authorize transportation routes. Therefore, **the Sacramento advocates will remove opposition to SB 415 and take no position on this measure.**

County-opposed SB 659 (Padilla), which would have temporarily postponed the dissolution deadline for the elimination of Redevelopment Agencies (RDAs) from February 1, 2012 to April 15, 2012, was amended on June 15, 2012, to delete these provisions.

As currently amended, SB 659 is now authored by Senator Gloria Negrete McLeod and would allow public health officers to share the results of tuberculosis screening with other health officers. Therefore, **the Sacramento advocates will remove opposition to SB 659 and take no position on this measure.** This office is working with the Department of Public Health to review SB 659 as amended for potential County impact.

Status of County-Sponsored Legislation

County Sponsored AB 1558 (Eng and Hernandez), which as introduced, would permanently extend conditional immunity on Los Angeles County flood control and groundwater discharge property passed the Senate Judiciary Committee by a vote of 5 to 0 on June 19, 2012. The measure now proceeds to the Senate Floor for consideration.

Status of County-Advocacy Legislation

County-supported AB 1325 (Lara), which would require persons at the time of filing Fictitious Business Name (FBN) statements, to provide proof of identity in the form of a California driver's license or other identification acceptable to the county clerk, was amended on June 19, 2012 to add a commencement date of January 1, 2014, as well as some technical clarifications. The amended bill also authorizes the county clerk, on a self-prescribed form, to require: 1) an affidavit of identity from registrants; 2) an affidavit of identity and authority from agents filing on behalf of a registrant; 3) an affidavit of identity and a certificate of good standing status issued by the Secretary of State from a registrant that is a corporation, limited liability company, or limited liability partnership; and 4) a notarized affidavit of identity from mail-in registrants.

The Registrar-Recorder indicates that as amended AB 1325 continues to provide measures that should curtail the filing of fraudulent FBN statements. **Therefore, the Sacramento advocates will continue to support the bill.**

AB 1325 is scheduled to be heard by the Senate Business, Profession and Economic Development Committee on June 25, 2012.

County-opposed AB 1687 (Fong), which would authorize the Workers' Compensation Appeals Board to award attorney's fees when an injured worker receiving medical treatment on a future medical award is successful in overturning a utilization review decision, was amended on June 18, 2012. The amendments specify that attorney's fees may be awarded for medical disputes arising from a finding of a permanent disability and clarify the notification process for advising an injured worker of options available to object to a decision rendered under the utilization review process. AB 1687

Each Supervisor
June 22, 2012
Page 6

passed the Senate Public Labor and Industrial Committee by a vote of 6 to 0 on June 13, 2012. The measure is scheduled for a hearing in the Senate Judiciary Committee on June 26, 2012.

County-opposed AB 2226 (B. Hueso) failed passage in the Senate Judiciary committee by a vote of 2 to 3 on June 19, 2012. This bill would require that in a proceeding before a state agency, city, county, or city and county, as specified, if the title to or ownership of a property is in question, the owner of the legal title to the property is presumed to be the owner of the full beneficial title, as specified, and specify that the requirements of the bill apply to all state agencies, even if otherwise exempt from provisions related to administrative adjudication, as specified, or if the governing procedure of the agency is determined by a different statute or regulation.

County-supported SB 1044 (Liu), which as amended on March 19, 2012, would repeal the Library of California Act of 1998 and make conforming changes to the California Library Services Act of 1977 relating to the administration of public libraries, passed the Assembly Education Committee by a vote of 9 to 0 on June 13, 2012. The measure now proceeds to the Assembly Appropriations Committee.

We will continue to keep you advised.

WTF:RA
MR:KA:IGEA:sb

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants